

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: Toby.McKenna@rockpointgs.com

October 6, 2022

Mr. Toby McKenna
Chief Executive Officer
Wild Goose Storage, LLC
607-8th Ave. SW
Suite 400
Calgary, AB T2P 0A7

CPF 1-2022-073-NOA

Dear Mr. McKenna:

From April 19, 2021 through April 22, 2021, an inspector from the California Geologic Energy Management Division (CalGEM), acting as an agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Wild Goose Storage LLC's (WGS) Wild Goose Storage Field in Gridley, California.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within WGS plans or procedures, as described below:

1. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations

or beginning an activity not yet implemented.

WGS's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, WGS's *Risk Management Plan* (RMP) Section 4.6.1, *Monitor for Presence of Gas in All Annuli* (Section 4.6.1) did not include sufficient detail regarding how annular gas occurrences that are deemed anomalous are defined and evaluated in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, "[t]he operator shall evaluate each annular gas occurrence that exceeds operator- or regulatory-defined threshold levels determined from well integrity evaluation and from risk assessment." RMP Section 4.6.1 stated in part, "WGS measures and records all annular and tubing pressure each day. Annular gas occurrences that are deemed anomalous will be evaluated and reported to the Division."

During the inspection, CalGEM reviewed WGS's RMP Section 4.6.1 and found that it did not include the process of how occurrences of annular gas that are deemed anomalous are determined and evaluated in its procedures.

Therefore, WGS's written procedures required by § 192.12(c) were inadequate. WGS must revise its written procedures to include how annular gas occurrences that are deemed anomalous are defined and evaluated pursuant to Section 9.3.2.

2. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

WGS's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, WGS's Task Information and Practices System (TIPS) Work Task #7, *Well Pad Gas Detection* (Work Task 7) and Work Task #10, *Wellhead Valve Function Test* (Work Task 10) did not include sufficient detail to ensure consistent performance of the tasks, in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, "[t]he operator shall visually inspect each wellhead assembly at least annually for leaks. The operator shall test the operation of the master valve and wellhead pipeline

isolation valve at least annually for proper function and ability to isolate the well.”

During the inspection, CalGEM reviewed WGS’s TIPS Work Task 7 and Work Task 10. Work Task 7 included seven steps to be followed to complete the task, while Work Task 10 included eight steps to be followed to complete the task. CalGEM noted that Work Task 7 step 2 and Work Task 10 step 4 did not provide sufficient details about the gas detection equipment to be used and the gas detection process. In addition, Work Task 7 step 5 did not provide sufficient detail about the process of taking caisson readings below grating level. The lack of detail regarding these processes could possibly result in operator error.

Therefore, WGS’s written procedures required by § 192.12(c) were inadequate. WGS must revise its written procedures to include sufficient detail to ensure consistent performance of Work Task 7 and Work Task 10.

3. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

WGS’s written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, WGS’s RMP did not include a process to use risk assessments as a basis for developing integrity demonstration, verification, and monitoring tasks and evaluating their frequency requirements in accordance with API RP 1171, Section 9.2.2 (Section 9.2.2).

Section 9.2.2 states, in part, that “[r]isk assessments shall be used as a basis for developing the integrity demonstration, verification, and monitoring tasks and evaluating their frequency requirements (see Section 8).”

During the inspection, CalGEM reviewed WGS’s RMP, Section 5.1, *Field-Wide Quantitative Risk Assessment* (Section 5.1). WGS provided Section 5.1 as the process used to meet the requirement in Section 9.2.2. However, Section 5.1 did not include a description or process for how risk assessments were used as a basis for developing integrity demonstration, verification, and monitoring tasks and evaluating their frequency requirements.

Therefore, WGS’s written procedures required by § 192.12(c) were inadequate. WGS must revise its written procedures to include the use of risk assessments as a basis for developing integrity

demonstration, verification, and monitoring tasks and evaluating their frequency requirements.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Enforcement Proceedings.

Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Wild Goose Storage, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. In correspondence concerning this matter, please refer to **CPF 1-2022-073-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings